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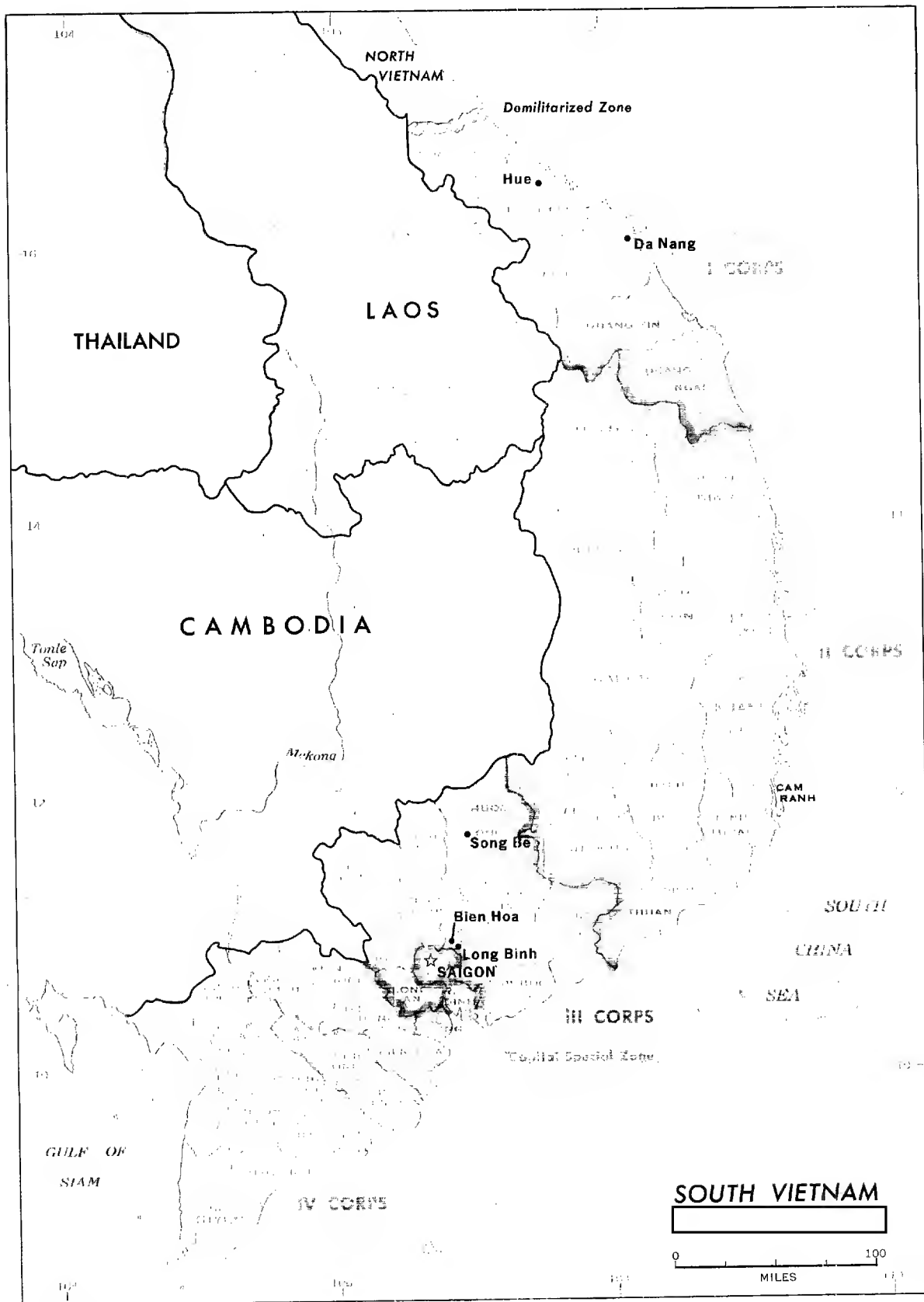
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【South Vietnam: The Communists continued to press their offensive throughout the country on 26 February, but only limited main force elements have been committed by the enemy thus far.

Rocket, mortar, and artillery fire was reported in all corps areas, but no major enemy actions were directed against Saigon, Hue, or Da Nang. The Communists still appear to be employing economy-of-force tactics and focusing on important allied military bases and isolated population centers in the III Corps area.

The Bien Hoa - Long Binh military complex northeast of Saigon appears to be a primary target at this time. Attacks against this base were beaten back on 26 February, but elements of five Communist regiments are in the immediate area and may not have been employed in the initial assaults. Among the III Corps urban centers Song Be, the Phuoc Long provincial capital, appears to be the most seriously threatened.

In I Corps, the pressure against allied strongpoints along the Demilitarized Zone has eased, but sharp ground fighting continued in the approaches to the capitals of Quang Tin and Quang Ngai provinces. No significant ground actions occurred in II Corps, although shelling continued against special forces camps in the highlands. In IV Corps, widespread shelling was reported, principally against four provincial capitals.

The withholding of main enemy units from the offensive so far suggests that the Communists may intend to employ varying levels of force in a relatively prolonged campaign, tailoring their tactics]

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25X1 [to the developing situation. Some support for this thesis was provided by a document captured in Long An Province on 24 February. A letter, written on the previous day by a Viet Cong cadre to local party members, stated that the countrywide offensive would continue for 34 days in three phases of 5, 10, and 19 days. [] (Map)]

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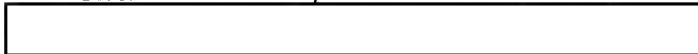
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Berlin: Initial talks aimed at reaching a compromise on the West German presidential election issue were unsuccessful, but further contacts are expected.

At talks held yesterday between West Berlin Senat representatives and the East Germans, the latter held to their position that the presidential election be shifted from West Berlin to West Germany as a condition for any agreement on the freedom of movement for Berliners. The Senat negotiator maintained that a pass agreement limited to Easter only would be "entirely unsatisfactory."

Just prior to the meeting, a Bonn spokesman stated that the West German cabinet had reaffirmed its decision to stick to West Berlin if the Communists failed to offer significant concessions. West German leaders, however, have been anxious to head off potentially serious trouble over Berlin which could undermine Bonn's efforts to improve relations with the East and which could complicate US-Soviet relations as well.

No agreement was reached for a further meeting, and the East German negotiator implied in a statement last night that he was ready to meet again only if the Senat first announced that the Federal Assembly would not meet in West Berlin.



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Ecuador: Local American officials of a US oil consortium have reached an accord with the Velasco government, subject to approval by the consortium's headquarters.

Under the accord, a Texaco-Gulf consortium has received recognition of its existing concession terms as valid and binding, an extension of the exploration period, and approval of plans for its own trans-Andean pipeline. In return the companies' US headquarters have been asked to approve a voluntary reduction of some of the less desirable portions of the concession area, higher royalties, and a pipeline tax as well as a loan and annual bonus to be paid to the Ecuadorean Government. The headquarters are also being asked to assure the government that an extensive road network will be built.

To get around some of Velasco's earlier, stiffer demands, the consortium promised an immediate cash payment of over two million dollars, employment for about a thousand workers, and an accelerated drilling schedule. By 1972, when the pipeline will become operational, the consortium hopes to be producing 200,000 barrels of oil per day.

The US ambassador comments that if the agreement holds together it will alleviate the current serious budget deficit and, more importantly, put Ecuador on the threshold of a major development period.

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Brazil: The Catholic Church has finally taken an open stand against the government's recent authoritarian acts.

The central committee of the powerful National Conference of Brazilian Bishops has sent a message to President Costa e Silva expressing its concern and warning that the government's new powers could lead to "violations of fundamental rights." Although the bishops pledged to cooperate with the government in social reform, they clearly intend to continue their own social action projects with or without government approval. The message also laments the "profound wrong understandings" of those who believe the church's reform action programs are subversive.

The moderately worded message has not provoked any official reaction so far. Many military officers, however, are likely to resent its implied criticism and may interpret it as confirmation of their suspicion that liberal prelates are up to "subversive activities." Should these hard-liners force the government to challenge the church's stand, the resulting confrontation could produce a fresh political uproar.

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Ethiopia: There seems to be more grumbling than usual against the government in Addis Ababa, and student demonstrations may occur this week.

Although such demonstrations in the capital have become a spring ritual

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Student protests and political activity have intensified in recent years, and radical students are now advocating violence as a deliberate tactic. A student mass meeting is to be held today to vote on demonstrations which could take place as early as Friday.

The government alleges that university student leaders performing their required year of national service in the provinces have been organizing local students and were behind demonstrations and violence that flared up recently at a number of provincial secondary schools.

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Apart from the rumors of student demonstrations, other factors have contributed to an unusually tense atmosphere within Addis Ababa. Word of the government's current economic difficulties has evidently reached some segments of the public, and educated civil servants have been more open than usual in complaining about government fiscal management and inadequate economic development programs. There is also dissatisfaction with the recent "musical chairs" cabinet reshuffle.

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Dahomey-Nigeria: Nigeria has severely restricted traffic across its border with Dahomey, presenting the fragile Zinsou government in Cotonou with potentially serious difficulties.

Dahomey's decision late last month to permit the International Red Cross to make night-time relief flights to Biafra from Cotonou provoked only an expression of surprise and dismay from Lagos. In mid-February, however, Nigerian border police began gradually to curtail the sizable road traffic between southwestern Nigeria and Porto Novo, a coastal commercial center near the Nigerian border. By 25 February, on the pretext of controlling smuggling, Lagos had virtually closed the border to all Dahomean vehicles. Third country registered vehicles continue to pass unmolested.

Zinsou's government is convinced the action is in direct reprisal for the airlift, but a Nigerian Foreign Ministry official denies this. Dahomey insists the flights will continue despite any amount of Nigerian pressure. The financially hard-pressed Dahomey Government earns appreciable benefits from the Red Cross operation.

The potential danger to Zinsou emanates in part from the influential traders in the Porto Novo area, who will suffer considerable financial losses if the border is closed for any length of time. The entire economy of the Porto Novo area will be adversely affected by the loss of the Nigeria trade, and Zinsou's political opponents are certain to exploit the situation. Porto Novo is a traditional center of animosity toward Cotonou governments and a focal point for labor and student unrest. [REDACTED]

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Pakistan: President Ayub and opposition leaders met briefly in Rawalpindi yesterday to begin talks on constitutional reforms and then adjourned until 10 March to give the opposition more time to work out its position. The conferees issued a joint statement asking all Pakistanis to avoid disturbances and help maintain a "peaceful atmosphere" to facilitate the talks. Radical ex-foreign minister Bhutto, whose efforts to form a united front with East Pakistani leaders have reportedly had little success thus far, chose not to attend yesterday's session. His presence at subsequent meetings remains uncertain. [REDACTED]

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Spain: Madrid is nudging the US to conclude the negotiations for renewal of the bases agreement by 26 March, the end of the consultation period specified for renewal of the present agreement. Under instructions, the Spanish ambassador in Washington suggested this week a schedule for bringing the negotiations to final conclusion. The Spaniards foresee the end of the military talks, taking place in Madrid, by 2 or 3 March. They would like to follow these with high-level diplomatic talks in Washington between 5 and 8 March. The Spanish foreign minister would come for final negotiations on or after 17 March. [REDACTED]

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Australia: Prime Minister Gorton's defense statement to parliament on 25 February confirmed the Australian intention to retain ground forces, as well as a naval and air presence, in Malaysia and Singapore after the British withdrawal in 1971. Gorton apparently looks toward his US visit next month to help clarify over-all defense policy; he hopes to announce a five-year defense program by mid-year. The wide domestic approval with which Gorton's "forward defense" statement was received points toward a continuing public willingness to remain involved in Southeast Asian security. It also augurs well for the Liberal Party's electoral chances in elections later this year. [REDACTED]

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USSR-Rumania: During their visit to Bucharest last week, Warsaw Pact Commander Yakubovsky and Soviet trouble-shooter Kuznetsov discussed both the pact's organization and the Council for Mutual Economic Assistance (CEMA), according to Rumanian First Deputy Foreign Minister Macovescu. There was also discussion--apparently inconclusive--on the dates for holding summit meetings of the two organizations. Macovescu claimed that the talks did not touch on joint pact maneuvers or possible exercises on Rumanian soil, but this statement seems implausible. [REDACTED]

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Peru: The Labor Ministry has so far upheld General Motors' position in a strike that resulted from the company's firing of a leftist labor agitator. The union, however, is being represented by a leftist and anti-American lawyer who is one of President Velasco's closest advisers, and its members have refused to return to work. Both the APRA and Communist labor confederations claim the GM union, and the APRA confederation, to enhance its position, has warned of an industry-wide strike of metal workers if the dismissed labor leader is not reinstated. [REDACTED]

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USSR-Singapore: Moscow apparently plans to initiate regular air service to Singapore in April under the terms of a recently signed civil air agreement. According to a Singapore official, the Soviet airline Aeroflot will fly to Singapore via New Delhi and then on to Djakarta, using the new IL-62 long-range transport. The exact route, however, apparently has not yet been worked out; the Soviet ambassador in Singapore has indicated that Aeroflot may stop in Tashkent rather than in New Delhi. Since the late 1950s Aeroflot has steadily expanded its air routes to Asia and now has regular flights to Afghanistan, India, Ceylon, Pakistan, Burma, and Indonesia. [REDACTED]

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